

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

COMPETITIVE PRODUCT PRICES
PARCEL SELECT & PARCEL RETURN SERVICE CONTRACT 3
(MC2012-15)
NEGOTIATED SERVICE AGREEMENT

Docket No. CP2012-22

**NOTICE OF UNITED STATES POSTAL SERVICE OF
CHANGE IN PRICES PURSUANT TO AMENDMENT TO
PARCEL SELECT AND PARCEL RETURN SERVICE CONTRACT 3**
(October 20, 2014)

The Postal Service hereby provides notice that prices under Parcel Select and Parcel Return Service Contract 3, in the above-captioned proceeding, have changed as contemplated by the contract's terms. A redacted version of the amendment to Parcel Select and Parcel Return Service Contract 3 is provided in Attachment A, and the unredacted amendment is being filed under seal. The amendment will become effective one day following the day that the Commission completes its review of this filing.

The supporting financial documentation and a certified statement, as required by 39 C.F.R. § 3015.5, are also included with this filing. The Postal Service's original application for non-public treatment in this docket is hereby incorporated by reference for the protection of these materials.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Pricing and Product Support

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October 20, 2014

ATTACHMENT A

AMENDMENT TO PS-PRS CONTRACT 3

AMENDMENT 1 OF 1
SHIPPING SERVICES CONTRACT
BETWEEN
THE UNITED STATES POSTAL SERVICE
AND
[REDACTED]

REGARDING PARCEL SELECT AND PARCEL RETURN SERVICE

WHEREAS, the United States Postal Service (the "Postal Service") and [REDACTED] ("Customer") entered into a shipping services Contract regarding Parcel Select Service and Parcel Return Service on April 25, 2012 (the "Contract"); and

WHEREAS, the Parties desire to amend the Contract to include the following services: Parcel Select Service DSCF 3-Digit [REDACTED] and [REDACTED] pieces; and

WHEREAS, the Parties desire to amend Sections I. B., I. C., I. E., I. F. 3-5., I. G., I. H., and I. I. of the Contract, as detailed below, and add to the Contract new Attachment B and new Sections I. D. 5., I. J., I. K., and I. L., all as detailed below.

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants contained in this Amendment, the Parties agree as follows:

1. This Amendment shall become effective on the day following the date on which the Postal Regulatory Commission (the "Commission") issues all necessary regulatory approval.
2. Section I. B. of the Contract is deleted in its entirety and replaced with the following Section I. B.:

"I. Terms

- B. This Contract applies to Customer's Parcel Select DDU pieces that are [REDACTED] ("DDU pieces"), Parcel Return Service RDU pieces that are [REDACTED] ("RDU pieces"), Parcel Return Service RSCF pieces that are [REDACTED] ("RSCF pieces"), Parcel Select DSCF [REDACTED] and under mailed to ZIP Codes that are identified in Attachment A to the Contract ("DSCF [REDACTED] pieces"), and Parcel Select DSCF [REDACTED] mailed to any ZIP Codes that are not identified in Attachment A to the Contract ("DSCF [REDACTED] pieces"), subject to the following limitations: (1) any DDU pieces addressed to any ZIP Code in Attachment A; and (2) any pieces mailed as Parcel Select Lightweight packages, do not qualify for Contract Pricing under this Contract. The ZIP Codes contained in Attachment A to the Contract will

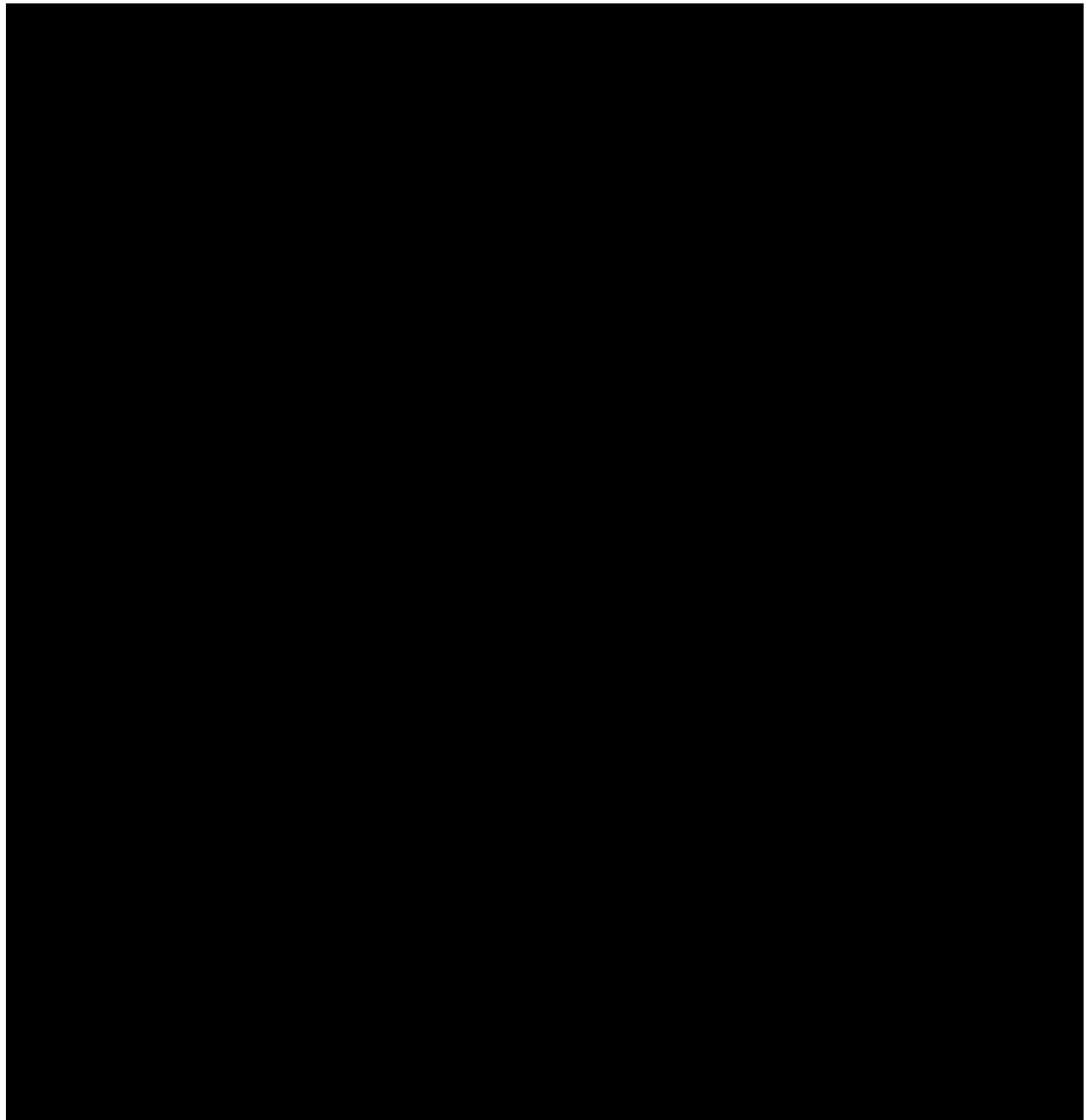
remain in effect for the term of the Contract, unless mutually modified by the Parties during the Business Reviews (Section I. G.). The ZIP Codes contained in Attachment B to this Amendment, as more particularly described in Section 11 below, will remain in effect for the term of the Contract, unless the Postal Service provides thirty (30) day notice to Customer of a change to Attachment B.”

3. Section I. C. of the Contract is deleted in its entirety and replaced with the following Section I. C.:

“C. Customer will manifest its DDU pieces, RDU pieces, RSCF pieces, and DSCF pieces as specified by the Postal Service, using the Electronic Verification System (eVS).”

4. The following Section I. D. 5. shall be added to the Contract:

“5. Beginning on the Effective Date of this Amendment, the rates in Table 1a below shall apply, by weight, to Customer’s DDU pieces, DSCF [REDACTED] pieces, DSCF [REDACTED] pieces, RDU pieces, and RSCF pieces.



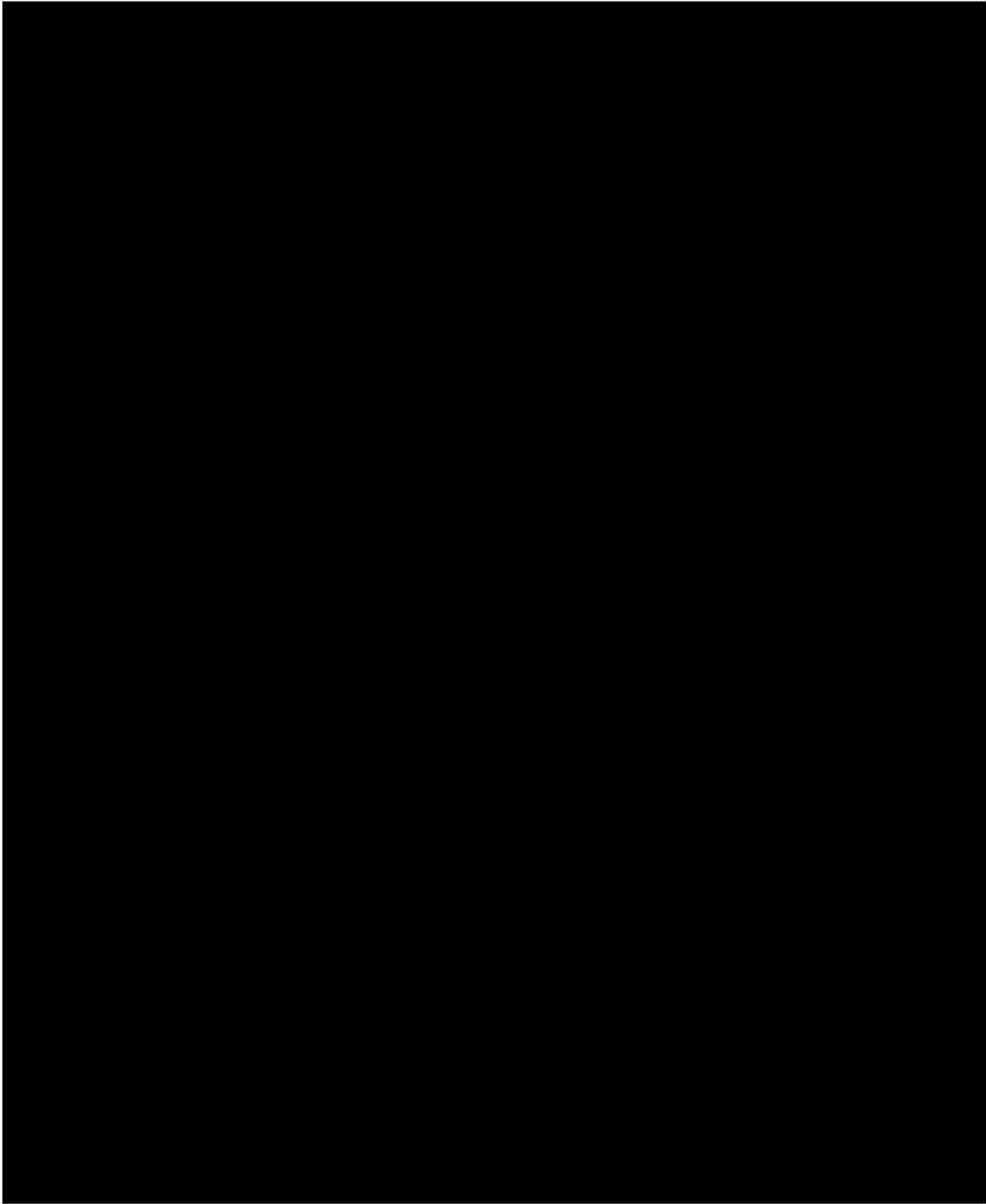
5. Section I. E. of the Contract is deleted in its entirety and replaced with the following Section I. E.:

“E. Annual Adjustment

1. For Contract Years four (June 1, 2015 – May 31, 2016) through seven (June 1, 2018 – May 31, 2019), Contract rates for each weight cell shown in Table 1a for the Customer’s DDU pieces, RDU pieces, RSCF pieces, DSCF [REDACTED] pieces, and DSCF [REDACTED]

pieces shall be calculated as follows:

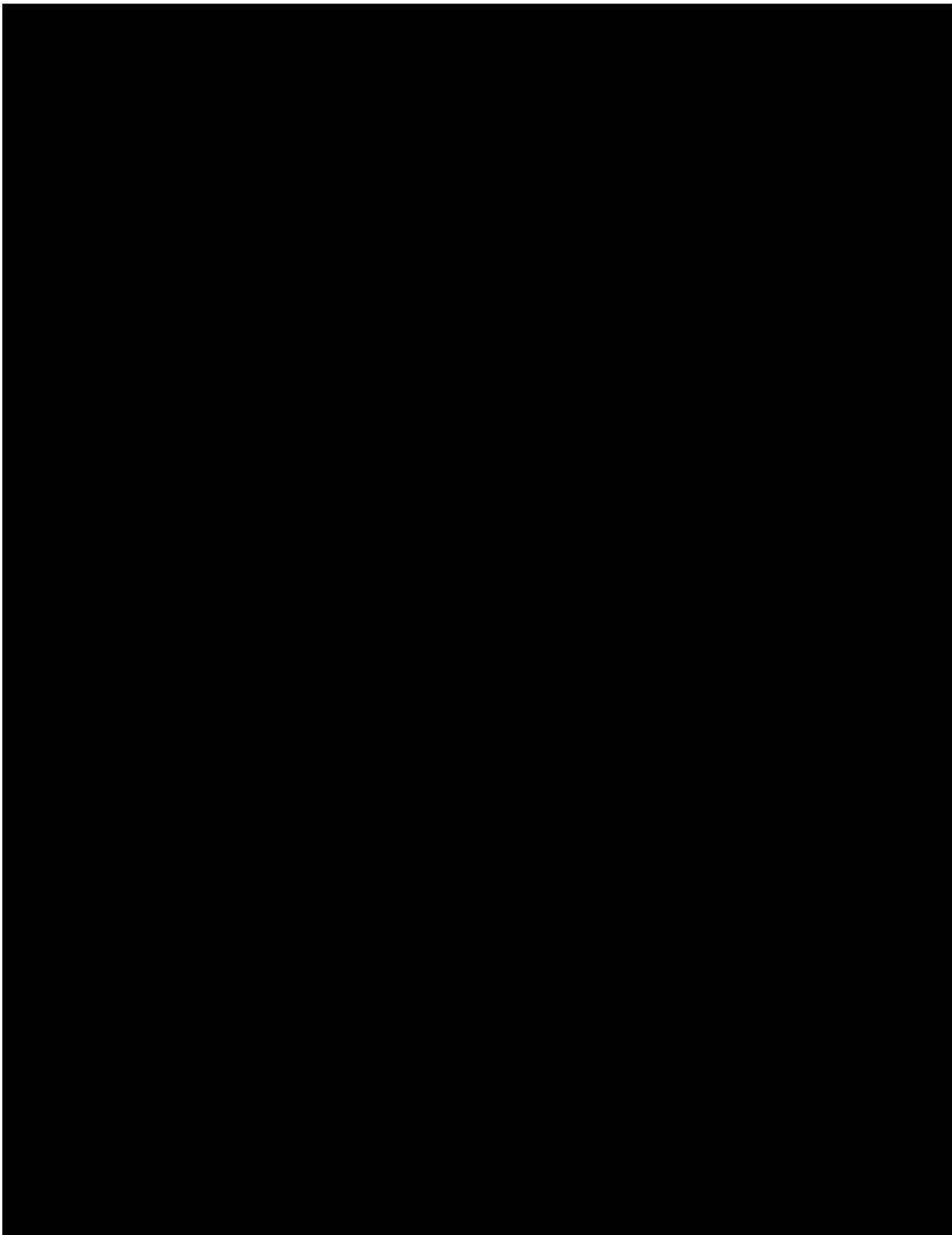
- a. If the Postal Service increases published rates of general applicability to any Parcel Select Weight Cell and/or any Parcel Return Service Weight Cell, the DDU Rate, RDU Rate, RSCF Rate, DSCF [REDACTED] Rate, and DSCF [REDACTED] Rate for each cell shown in Table 1a shall become the lesser of: (1) the preceding Contract Year's prices, plus the most recent (as of the anniversary date) published percentage increase in those rates for each applicable weight cell or (2) the preceding Contract Year's prices, plus [REDACTED]. For example, if the Parcel Select DDU Rate [REDACTED] prior to the anniversary date of this Contract, the DDU Rate [REDACTED] would increase by [REDACTED] for the subsequent Contract Year and [REDACTED] will be banked pursuant to Section I. E. 2.
- b. If the Postal Service maintains (no increase or decrease) published rates of general applicability to any Parcel Select Weight Cell and/or any Parcel Return Service Weight Cell, there shall be no change to Contract pricing for that Contract Year for that particular weight cell.
- c. If the Postal Service decreases published rates of general applicability to any Parcel Select Weight Cell and/or any Parcel Return Service Weight Cell, the DDU Rate, RDU Rate, RSCF Rate, DSCF [REDACTED] Rate, and DSCF [REDACTED] Rate for each cell shown in Table 1a shall be the lesser of: (1) current Contract amount plus [REDACTED] or (2) published rate, [REDACTED] for DDU pieces; published rate, [REDACTED] for the RDU pieces; published rate, [REDACTED] for RSCF pieces; published rate, minus [REDACTED] for DSCF [REDACTED] pieces and DSCF [REDACTED] pieces.

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2. In any Contract Year, if the published percentage increase for any rate cell in Table 1a increases more than [REDACTED] the difference between the published percentage increase for such cell and [REDACTED] shall be banked and applied to the following Contract Year's annual adjustment for that cell. In no event shall any rate cell in Table 1a increase by an amount that exceeds [REDACTED] of the previous Contract Year's rate for such cell.
 3. In the event there is a Contract rate increase under Section I. E. 1.

a., the Postal Service may elect to charge Customer a rate for DDU, RDU, RSCF, DSCF [REDACTED] and/or DSCF [REDACTED] pieces that is less than either: (1) the preceding Contract Year's prices, plus the most recent (as of the anniversary date) published percentage increase in those rates for each applicable weight cell or (2) the preceding Contract Year's prices, plus [REDACTED]. The reduced DDU Rate, RDU Rate, RSCF Rate, DSCF [REDACTED] Rate, and DSCF [REDACTED] Rate for each applicable weight cell would be reflected in Table 1a for the subsequent Contract Year.

4. The adjusted prices will take effect on June 1st of each Contract Year. The Postal Service shall supply Customer the updated rate for each cell shown in Table 1a no later than May 15 of each Contract Year.
5. Contract prices for subsequent Contract years will be calculated by the Postal Service and rounded to the nearest whole cent (i.e., \$0.015 and above becomes \$0.02, and \$0.014 and below becomes \$0.01)."
6. The title to Section I. F. of the Contract shall be amended to read [REDACTED]
[REDACTED]
7. Sections I. F. 3., I. F. 4., and I., F., 5. of the Contract are deleted in their entirety and replaced with the following Sections I. F. 3., I. F. 4., and I. F. 5.:

[REDACTED]



[REDACTED]

8. Section I. G. of the Contract is deleted in its entirety and replaced with the following Section I. G.:

“G. Business Reviews. The Postal Service and Customer shall, within thirty (30) days after the conclusion of each Quarter 2 and Quarter 4 of each Contract Year, jointly conduct a business review of Customer's volume of DDU pieces, RDU pieces, RSCF pieces, DSCF [REDACTED] pieces, and DSCF [REDACTED] pieces; weight and cube characteristics; time in transit; whether the Parties mutually agree to modify Attachment A; and other performance expectations under this Contract. If either Party is unable to conduct a business review within thirty (30) days after the conclusion of the above referenced Contract quarters, it shall notify the other Party in writing of that fact and propose a date as soon as practicable thereafter.”

9. Section I. H. of the Contract is deleted in its entirety and replaced with the following Section I. H.:

[REDACTED]

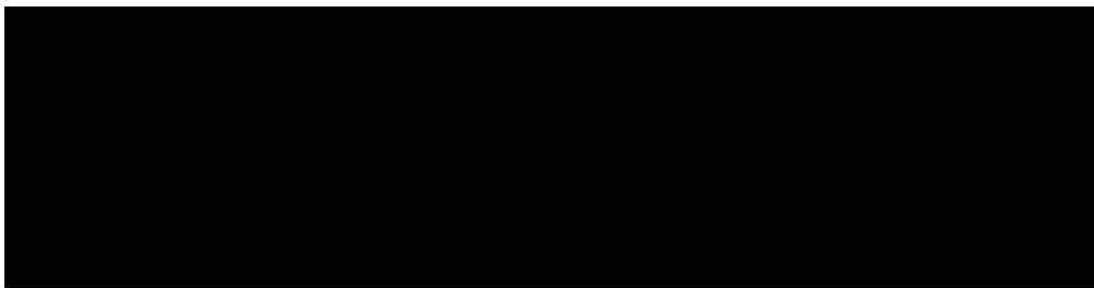
10. Section I. I. of the Contract is deleted in its entirety and replaced with the following Section I. I.:

[REDACTED]

- 11.

[REDACTED]

12. The following Section I. J. shall be added to the Contract:



13. The following Section I. K. shall be added to the Contract:

“K. Delivery Appointments. If the Postal Service requires an appointment for package deposit through the Facility Access Shipment Tracking (FAST) system, Customer will be issued recurring appointment IDs and mutually agreeable appointment times from the Postal Service for the respective DDU, RDU, RSCF, and DSCF facilities where Customer delivers and/or pickups pieces. Customer will not be required to schedule delivery appointments for USPS facilities including the use of FAST.”

14. The following Section I. L. shall be added to the Contract:



15. Except as modified by the amended terms, conditions, and attachments to this Amendment, the Contract remains unchanged and in full force and effect.

IN WITNESS WHEREOF, the Parties hereto have caused this Amendment to be executed on its behalf by its duly authorized representative.

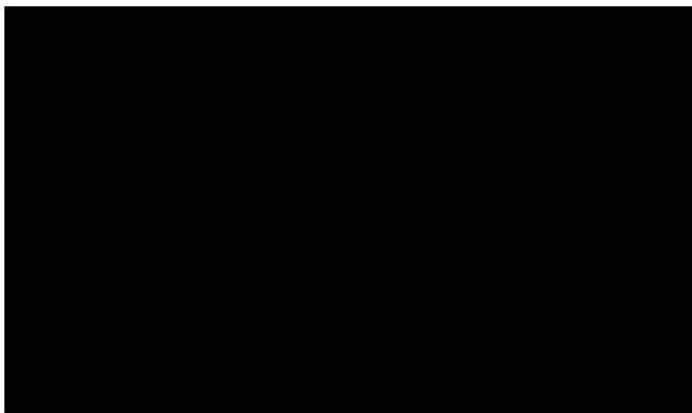
UNITED STATES POSTAL SERVICE

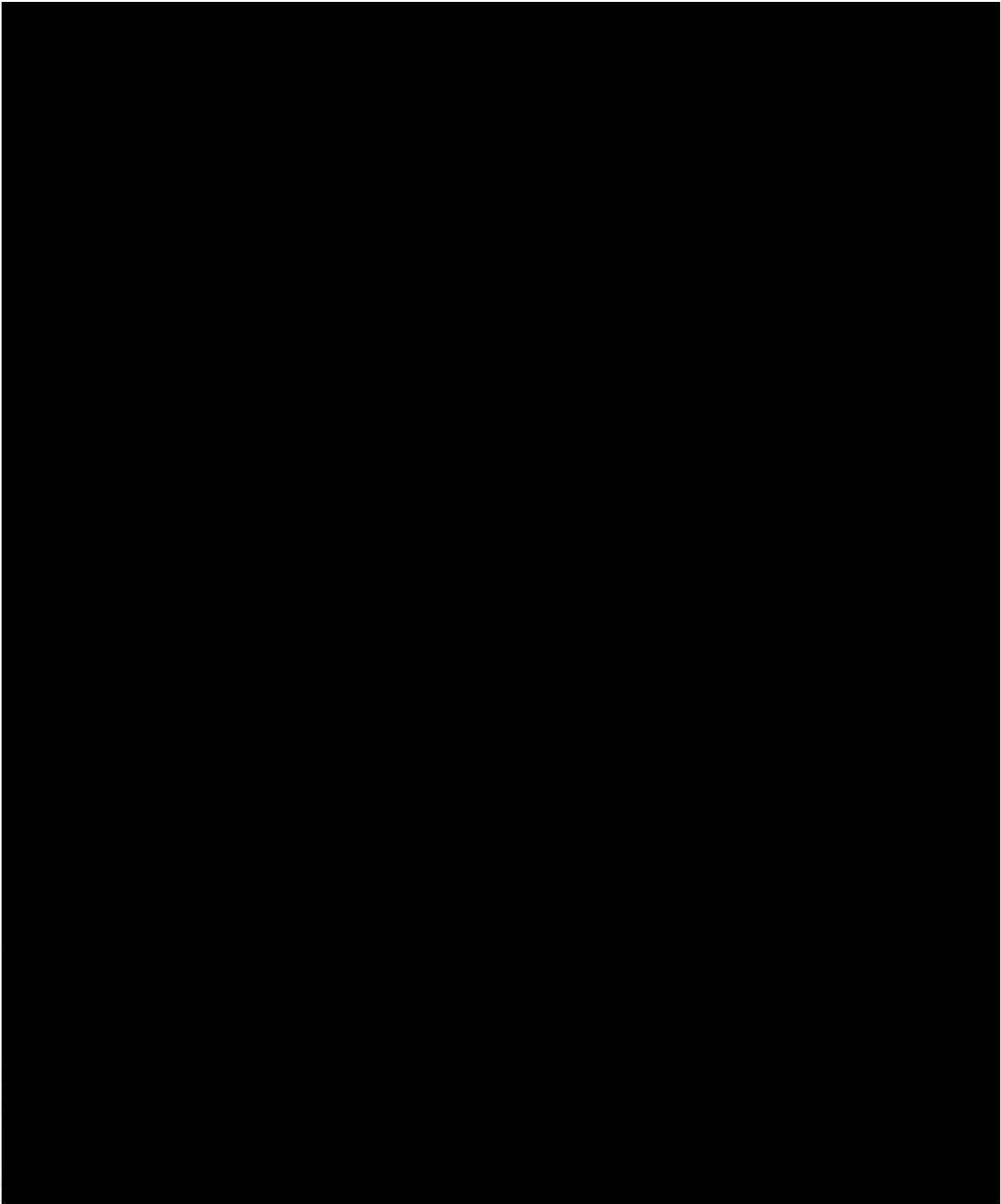
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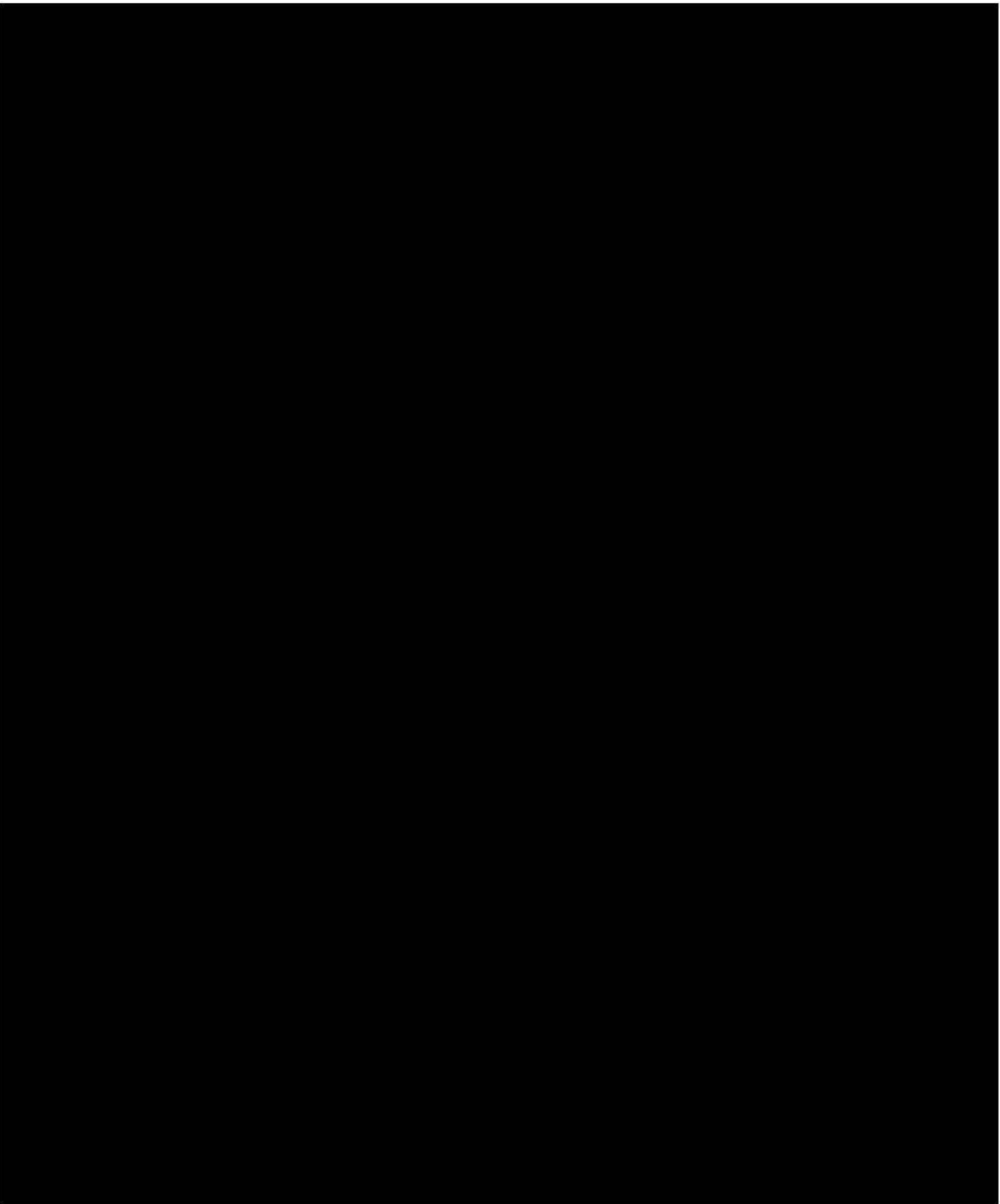
Printed Name: Cliff Rueda

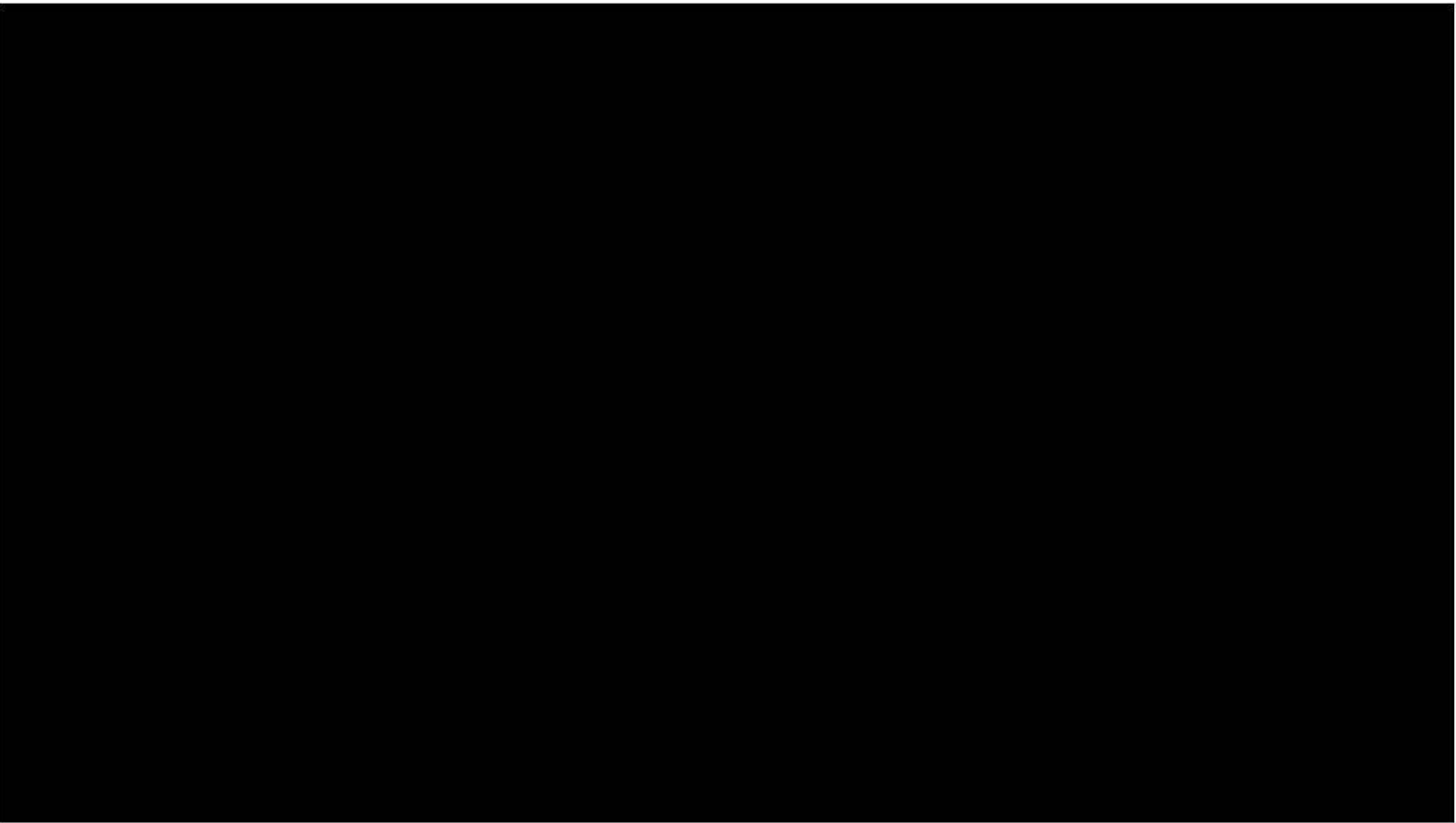
Title: VP Sales

Date: 10/14/11









ATTACHMENT B
FINANCIAL CERTIFICATION

**Certification of Prices for Amendment to
Parcel Select/Parcel Return Service Contract 3**

I, Steven R. Phelps, Manager, Regulatory Reporting and Cost Analysis, Finance Department, am familiar with the prices and terms for the amendment to Parcel Select/Parcel Return Service Contract 3. The amended prices and terms contained in this Contract were established by the Decision of the Governors of the United States Postal Service on the Establishment of Prices and Classifications for Domestic Competitive Agreements, Inbound International Competitive Agreements, and Other Non-Published Competitive Rates (Governors' Decision No. 11-6).

I hereby certify, based on in the financial analysis provided herewith, that the amended prices are in compliance with 39 U.S.C § 3633 (a)(1), (2), and (3). They are expected to cover attributable costs. There should therefore be no subsidization of competitive products by market dominant products. The amended contract should not impair the ability of competitive products on the whole to cover an appropriate share of institutional costs.



Steven R. Phelps